



**Office of the Attorney General
Paul G. Summers**

MEDIA NOTIFICATION

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TENNESSEE TOBACCO FARMERS WIN IN N.C. SUPREME COURT

An estimated 47,000 Tennessee tobacco farmers will receive more than \$32 million as a result of a North Carolina Supreme Court decision in a case involving the National Tobacco Grower Settlement Trusts (also known as Phase II).

“We’re very pleased with this decision,” Tennessee Attorney General Paul G. Summers said. “What this means is 47,000 Tennessee farmers and quota owners will receive their fair share in a last round of payments as previously agreed under a private trust set up in 1999 to aid tobacco farm families.”

The ruling will also benefit tobacco farmers in 13 other states.

At issue was a claim by the three largest tobacco manufacturers, Philip Morris, R.J. Reynolds and Lorillard, that they were entitled to a refund and credit on more than \$400 million in payments to the Phase II trust for 2004. The manufacturers claimed legislation passed last year by Congress to end the 60-year federal tobacco program also ended their obligation to fund the Phase II trust in the same year.

Tennessee was among 14 tobacco-growing states to join the national trustee, JP Morgan Chase, in disputing the manufacturers' claim. The states argued that because the buyout was not effective until 2005 that it did not trigger refund or credit provisions of the trust agreement for 2004.

To see the opinion, go to the link:

<http://www.aoc.state.nc.us/www/public/sc/opinions/2005/002-05-1.htm>